

110TH CONGRESS
1ST SESSION

H. R. 2578

To amend the Internal Revenue Code of 1986 to extend and expand the benefits for businesses operating in empowerment zones, enterprise communities, or renewal communities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 6, 2007

Mr. DAVIS of Alabama (for himself, Mr. ALEXANDER, Mr. RODRIGUEZ, Mr. HIGGINS, Mr. WALSH of New York, Mrs. JONES of Ohio, Ms. CORRINE BROWN of Florida, Mr. KILDEE, Mr. MICHAUD, Mr. RYAN of Ohio, Mr. BOREN, Mr. CLAY, Mr. COHEN, Mr. RAHALL, Mr. MARSHALL, Mr. BONNER, Mr. JINDAL, and Mr. BOUSTANY) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to extend and expand the benefits for businesses operating in empowerment zones, enterprise communities, or renewal communities, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Empowerment Zone and Renewal Community Enhance-
6 ment Act of 2007”.

1 (b) AMENDMENT OF 1986 CODE.—Except as other-
 2 wise expressly provided, whenever in this Act an amend-
 3 ment or repeal is expressed in terms of an amendment
 4 to, or repeal of, a section or other provision, the reference
 5 shall be considered to be made to a section or other provi-
 6 sion of the Internal Revenue Code of 1986.

7 **SEC. 2. EXTENSION OF BENEFITS.**

8 (a) EMPOWERMENT ZONES.—

9 (1) ROUNDS I AND II DESIGNATIONS.—Section
 10 1391(d)(1) is amended by striking “December 31,
 11 2009” in subparagraph (A)(i) and inserting “De-
 12 cember 31, 2015”.

13 (2) ROUND III DESIGNATIONS.—Section
 14 1391(h)(2) is amended by striking “December 31,
 15 2009” and inserting “December 31, 2015”.

16 (b) RURAL ENTERPRISE COMMUNITIES.—Section
 17 1391(d)(1)(A) is amended by striking clause (ii) and in-
 18 serting the following new clauses:

19 “(ii) in the case of an enterprise commu-
 20 nity designated in an urban area, the close of
 21 the 10th calendar year beginning on or after
 22 such date of designation, or

23 “(iii) in the case of an enterprise commu-
 24 nity designated in a rural area, December 31,
 25 2015,”.

1 (c) RENEWAL COMMUNITIES.—

2 (1) Sections 1400E(b) and 1400I(g) are each
3 amended by striking “December 31, 2009” each
4 place it occurs and inserting “December 31, 2015”.

5 (2) Sections 1400E(b)(3), 1400F(b), and
6 1400J(b) are each amended by striking “January 1,
7 2010” and inserting “January 1, 2016”.

8 (3) Section 1400F(d) is amended by striking
9 “December 31, 2014” and inserting “December 31,
10 2020”.

11 (4) Section 1400I(d)(2)(A) is amended by strik-
12 ing “2010” and inserting “2016”.

13 **SEC. 3. REVISION OF BENEFITS.**

14 (a) SAFE HARBOR FOR MEETING REQUIREMENT
15 THAT 35 PERCENT OF EMPLOYEES BE RESIDENTS OF
16 ZONE.—

17 (1) IN GENERAL.—Section 1397C (defining en-
18 terprise zone business) is amended by adding at the
19 end the following new subsection:

20 “(g) ADDITIONAL SAFE HARBOR FOR MEETING RE-
21 QUIREMENT THAT 35 PERCENT OF EMPLOYEES BE RESI-
22 DENTS OF ZONE.—The requirements of subsections (b)(6)
23 and (c)(5) shall not fail to be treated as met for any period
24 with respect to a qualified business if—

1 “(1) as of the date of issuance of an issue, the
2 date property is placed in service, or the date of the
3 sale of an asset, it is reasonably expected that within
4 3 years after such date the business will increase
5 employment by at least the lesser of—

6 “(A) in the case of—

7 “(i) a business located in a renewal
8 community or in a rural area (as defined
9 in section 1393(a)(2)) in an empowerment
10 zone or enterprise community, 500 full-
11 time employees, or

12 “(ii) a business located outside a rural
13 area (as so defined) in an empowerment
14 zone or enterprise community, 1,000 full-
15 time employees, or

16 “(B) 10 percent of the number of full-time
17 employees estimated to have been employed in
18 such zone or community on the date of its des-
19 ignation,

20 “(2) as of the date of issuance of the issue, it
21 is reasonably expected that as a result of the bonds
22 the business will increase employment by at least
23 one job for each \$150,000 in face amount of the
24 issue,

1 “(3) at any time within 3 years after the date
 2 of the issuance of an issue, the date property is
 3 placed in service, or the date of the sale of an asset,
 4 the requirements of such subsections are met, or

5 “(4) the business enters into a binding agree-
 6 ment with the appropriate local government employ-
 7 ment agency to apply a first source rule to advertise
 8 and prioritize employment opportunities with such
 9 business for qualified residents of such zone or com-
 10 munity.”.

11 (2) EFFECTIVE DATE.—The amendment made
 12 by this subsection shall take effect on the date of the
 13 enactment of this Act, except that in the case of ob-
 14 ligations which are outstanding on such date, such
 15 date shall be deemed the date of issuance for such
 16 obligations.

17 (b) ELIGIBILITY OF BUSINESSES DEVELOPING OR
 18 HOLDING INTANGIBLES.—

19 (1) IN GENERAL.—Paragraph (4) of section
 20 1397C(d) is amended by inserting before the period
 21 “unless the intangibles are developed within the em-
 22 powerment zone”.

23 (2) EFFECTIVE DATE.—The amendment made
 24 by this subsection shall apply to taxable years begin-
 25 ning after the date of the enactment of this Act.

1 (c) REDUCED WAGE CREDIT ALLOWABLE FOR ZONE
2 RESIDENTS EMPLOYED OUTSIDE THE ZONE; EMPLOYEES
3 NEED NOT BE RESIDENTS OF ZONE IN WHICH EM-
4 PLOYED.—

5 (1) IN GENERAL.—Subsection (b) of section
6 1396 is amended to read as follows:

7 “(b) APPLICABLE PERCENTAGE.—

8 “(1) QUALIFIED ZONE EMPLOYEES WHO PER-
9 FORM SUBSTANTIALLY ALL OF THEIR SERVICES IN
10 AN EMPOWERMENT ZONE.—The applicable percent-
11 age is 20 percent with respect to qualified zone em-
12 ployees who would meet the requirement of sub-
13 section (d)(1) if only services performed within an
14 empowerment zone were taken into account.

15 “(2) OTHER QUALIFIED ZONE EMPLOYEES.—

16 “(A) IN GENERAL.—The applicable per-
17 centage is—

18 “(i) 20 percent in the case of des-
19 ignated qualified zone employees of em-
20 ployers which are enterprise zone busi-
21 nesses, and

22 “(ii) 10 percent in the case of any
23 other designated qualified zone employee.

24 “(B) LIMITATIONS ON NUMBER OF DES-
25 IGNATED EMPLOYEES.—

1 “(i) IN GENERAL.—For purposes of
 2 subparagraph (A), the term ‘designated
 3 qualified zone employee’ means a qualified
 4 zone employee—

5 “(I) to whom paragraph (1) does
 6 not apply, and

7 “(II) who is designated under
 8 this subparagraph.

9 “(ii) MANNER OF DESIGNATIONS.—
 10 Designations under this subparagraph
 11 shall be made by the local government or
 12 governments which nominated the area to
 13 be an empowerment zone.

14 “(iii) LIMITATION ON DESIGNA-
 15 TIONS.—The number of employees for
 16 whom a designation under this subpara-
 17 graph is in effect at any one time with re-
 18 spect to each empowerment zone shall not
 19 exceed—

20 “(I) 500 for purposes of subpara-
 21 graph (A)(i), and

22 “(II) 2,000 for purposes of sub-
 23 paragraph (A)(ii).”.

24 (2) QUALIFIED ZONE EMPLOYEE.—Paragraph
 25 (1) of section 1396(d) is amended—

1 (A) by striking “within an empowerment
2 zone” in subparagraph (A), and

3 (B) by striking “such empowerment zone”
4 in subparagraph (B) and inserting “an em-
5 powerment zone”.

6 (3) EFFECTIVE DATE.—The amendments made
7 by this subsection shall apply to taxable years begin-
8 ning after the date of the enactment of this Act.

9 (d) CARRYFORWARD OF UNALLOCATED STATE COM-
10 Mercial REVITALIZATION EXPENDITURE CEILING.—

11 (1) IN GENERAL.—Paragraph (1) of section
12 1400I(d) is amended to read as follows:

13 “(1) IN GENERAL.—The aggregate commercial
14 revitalization expenditure amount which a commer-
15 cial revitalization agency may allocate for any cal-
16 endar year is the amount equal to the sum of—

17 “(A) the amount of the State commercial
18 revitalization expenditure ceiling determined
19 under this paragraph for such calendar year for
20 such agency (determined without regard to sub-
21 paragraph (B)), and

22 “(B) the aggregate of the unused State
23 commercial revitalization expenditure ceilings
24 determined under this paragraph for such agen-
25 cy for each of the 2 preceding calendar years.

1 For purposes of subparagraph (B), amounts of ex-
 2 penditure ceiling shall be treated as allocated by an
 3 agency first from unused amounts for the second
 4 preceding calendar year, then from unused amounts
 5 for the 1st preceding calendar year, and then from
 6 amounts from the current year State allocation.”.

7 (2) EFFECTIVE DATE.—The amendment made
 8 by this subsection shall apply to calendar years be-
 9 ginning after the date of the enactment of this Act.

10 (e) COMMERCIAL REVITALIZATION DEDUCTION FOR
 11 BUILDING EXPANSIONS.—

12 (1) IN GENERAL.—Section 1400I(b)(1) is
 13 amended—

14 (A) by striking “any building (and its
 15 structural components) if”,

16 (B) by inserting “any building (and its
 17 structural components) if” before “the building
 18 is placed” in subparagraph (A),

19 (C) by striking “or” at the end of subpara-
 20 graph (A),

21 (D) by striking “such building not de-
 22 scribed in subparagraph (A),” in subparagraph
 23 (B) and inserting “any building (and its struc-
 24 tural components) not described in subpara-
 25 graph (A) if”,

1 (E) by striking the period at the end of
2 subparagraph (B)(ii) and inserting “, or”, and

3 (F) by adding at the end the following new
4 subparagraph:

5 “(C) in the case of any expansion of a
6 building not described in subparagraph (A) or
7 (B), such expansion if—

8 “(i) such expansion is made to a
9 building owned by the taxpayer,

10 “(ii) the taxpayer provides a detailed
11 accounting of the distinct capital costs at-
12 tributable to such expansion, and

13 “(iii) such expansion is placed in serv-
14 ice by the taxpayer in a renewal commu-
15 nity and the original use of such expansion
16 begins with the taxpayer.”.

17 (2) EFFECTIVE DATE.—The amendments made
18 by this subsection shall apply to property placed in
19 service after the date of the enactment of this Act.

20 (f) AUTHORITY TO EXPAND BOUNDARIES OF ZONES
21 AND COMMUNITIES.—

22 (1) EMPOWERMENT ZONES AND ENTERPRISE
23 COMMUNITIES.—Section 1391 is amended by adding
24 at the end the following new subsection:

1 “(i) AUTHORITY TO EXPAND BOUNDARIES OF DES-
2 IGNATED AREAS.—

3 “(1) IN GENERAL.—At the request of all gov-
4 ernments which nominated an area as an empower-
5 ment zone or enterprise community, the appropriate
6 Secretary may expand the area of such zone or com-
7 munity to include 1 or more noncontiguous areas if
8 such governments establish to the satisfaction of the
9 appropriate Secretary that such expansion furthers
10 the purposes of the designation of the initial area as
11 such a zone or community.

12 “(2) RURAL AREAS.—With respect to any em-
13 powerment zone or enterprise community located in
14 a rural area, at the request of the nominating local
15 government, the appropriate Secretary shall expand
16 the area of such zone or community to include the
17 entire area of such nominating local government, but
18 only if—

19 “(A) either—

20 “(i) the poverty rate and the unem-
21 ployment rate for such entire area as de-
22 termined by the 2000 decennial census
23 data was at least 110 percent of such rate
24 for the United States, or

1 “(ii) during the period beginning with
2 the 1990 decennial census and ending with
3 the 2000 decennial census, such entire
4 area has a net out migration of inhabitants
5 of at least 10 percent of the population of
6 such area, and

7 “(B) such entire area meets 1 or more of
8 the following criteria determined by the 2000
9 decennial census data:

10 “(i) Median household income is not
11 more than 70 percent of such income for
12 the United States.

13 “(ii) Per capita income is not more
14 than 75 percent of such income for the
15 United States.

16 “(iii) The percentage of such area’s
17 population which is disabled is at least 130
18 percent of such percentage for the United
19 States.”.

20 (2) RENEWAL COMMUNITIES.—Section 1400E
21 is amended by adding at the end the following new
22 subsection:

23 “(h) AUTHORITY TO EXPAND BOUNDARIES OF DES-
24 IGNATED AREAS.—

1 “(1) IN GENERAL.—At the request of all gov-
2 ernments which nominated an area as a renewal
3 community, the Secretary of Housing and Urban
4 Development may expand the area of such commu-
5 nity to include 1 or more noncontiguous areas if
6 such governments establish to the satisfaction of
7 such Secretary that such expansion furthers the pur-
8 poses of the designation of the initial area as a re-
9 newal community.

10 “(2) RURAL AREAS.—With respect to any re-
11 newal community located in a rural area, at the re-
12 quest of the nominating local government, the Sec-
13 retary of Housing and Urban Development shall ex-
14 pand the area of such community to include the en-
15 tire area of such nominating local government, but
16 only if—

17 “(A) either—

18 “(i) the poverty rate and the unem-
19 ployment rate for such entire area as de-
20 termined by the 2000 decennial census
21 data was at least 110 percent of such rate
22 for the United States, or

23 “(ii) during the period beginning with
24 the 1990 decennial census and ending with
25 the 2000 decennial census, such entire

1 area has a net out migration of inhabitants
2 of at least 10 percent of the population of
3 such area, and

4 “(B) such entire area meets 1 or more of
5 the following criteria determined by the 2000
6 decennial census data:

7 “(i) Median household income is not
8 more than 70 percent of such income for
9 the United States.

10 “(ii) Per capita income is not more
11 than 75 percent of such income for the
12 United States.

13 “(iii) The percentage of such area’s
14 population which is disabled is at least 130
15 percent of such percentage for the United
16 States.”.

17 (3) EFFECTIVE DATE.—The amendments made
18 by this subsection shall take effect on the date of the
19 enactment of this Act.

20 (g) MODIFICATION OF REQUIREMENT FOR EXPAND-
21 ING DESIGNATED AREA BASED ON 2000 CENSUS.—

22 (1) IN GENERAL.—Clause (ii) of section
23 1400E(g)(1)(A) is amended to read as follows:

24 “(ii) such tract has a poverty rate
25 using 2000 census data—

1 “(I) which is at least 20 percent,
2 or
3 “(II) which exceeds the poverty
4 rate for such tract using 1990 census
5 data.”.

6 (2) EFFECTIVE DATE.—The amendment made
7 by this subsection shall take effect on the date of the
8 enactment of this Act.

9 (h) REPEAL OF EXCLUSION OF CENTRAL BUSINESS
10 DISTRICT FROM ELIGIBILITY AS DESIGNATED AREA.—

11 (1) IN GENERAL.—Paragraph (3) of section
12 1392(a) is amended by adding “and” at the end of
13 subparagraph (B), by striking “, and” at the end of
14 subparagraph (C) and inserting a period, and by
15 striking subparagraph (D).

16 (2) EFFECTIVE DATE.—The amendments made
17 by this subsection shall take effect on the date of the
18 enactment of this Act.

19 (i) CARRYOVER OF UNUSED INCREASED SECTION
20 179 EXPENSING LIMIT.—

21 (1) IN GENERAL.—Subparagraph (A) of section
22 1397A(a)(1) is amended to read as follows:

23 “(A) the sum of—
24 “(i) \$35,000, and

1 “(ii) the aggregate of the unused in-
2 creased limitations for each of the 2 pre-
3 ceding taxable years, or”.

4 (2) UNUSED INCREASED LIMITATION.—Section
5 1397A is amended by adding at the end the fol-
6 lowing new subsection:

7 “(c) UNUSED INCREASED LIMITATION.—For pur-
8 poses of subsection (a)(1)(A)—

9 “(1) IN GENERAL.—The unused increased limi-
10 tation for any taxable year is the excess (but not
11 more than \$35,000) of the limitation under section
12 179(b)(1) as increased under subsection (a) over the
13 cost of section 179 property which is qualified zone
14 property placed in service during the taxable year.

15 “(2) ORDERING RULE.—The limitation under
16 section 179(b)(1) as increased under subsection (a)
17 shall be treated as used first from unused limitation
18 for the second preceding calendar year, then from
19 unused limitation for the 1st preceding calendar
20 year, and then from such limitation for the current
21 year.”.

22 (3) EFFECTIVE DATE.—The amendments made
23 by this subsection shall apply to taxable years begin-
24 ning after the date of the enactment of this Act.

1 (j) ELECTION OF FINANCING ARRANGEMENT IN
2 LIEU OF TAX BENEFITS.—

3 (1) IN GENERAL.—Section 1396 is amended by
4 adding at the end the following new subsection:

5 “(e) ELECTION OF FINANCING ARRANGEMENT IN
6 LIEU OF TAX BENEFITS.—

7 “(1) IN GENERAL.—At the election of any sig-
8 nificant empowerment zone business, for the pay-
9 ment period of the debt obligation designated in
10 such election by such business—

11 “(A) such business—

12 “(i) shall not be allowed an empower-
13 ment zone employment credit described in
14 subsection (a), and

15 “(ii) shall not be allowed any deduc-
16 tion for depreciation under section 168
17 with respect to qualified zone property,
18 and

19 “(B) the Secretary shall make the pay-
20 ments described in paragraph (2) to the holder
21 of such debt obligation (or in the event that
22 there is more than 1 holder, to such trustee
23 designated by the electing business to accept
24 such payments on behalf of such holders).

25 “(2) PAYMENTS.—

1 “(A) IN GENERAL.—At the beginning of
2 each year of the payment period, the Secretary
3 shall pay (out of any money in the Treasury not
4 otherwise appropriated) to the holder of the
5 debt obligation designated by such business an
6 amount equal to—

7 “(i) the empowerment zone employ-
8 ment credit computed each year under this
9 section as if the election was not made
10 under this subsection, and

11 “(ii) the cost recovery benefit de-
12 scribed in subparagraph (B),
13 paid in equal installments (or as adjusted pur-
14 suant to paragraph (4(A)) over the payment pe-
15 riod described in subparagraph (C).

16 “(B) COST RECOVERY BENEFIT.—For pur-
17 poses of subparagraph (A), the cost recovery
18 benefit shall be an amount equal to 25 percent
19 of—

20 “(i) the cost of any tangible property
21 which is qualified zone property (including
22 improvements to such tangible property)
23 incurred by the significant empowerment
24 zone business, and

1 “(ii) any such cost for which a bind-
2 ing contract for financing the acquisition
3 of such tangible property (including im-
4 provements to such tangible property) has
5 been made by such business and which
6 under the terms of the financing is to be
7 incurred within the first 5 full calendar
8 years beginning after the date of the elec-
9 tion made under this subsection.

10 “(C) PAYMENT PERIOD.—The payment pe-
11 riod is the period of 15 calendar years begin-
12 ning with the earlier of—

13 “(i) the calendar year specified (be-
14 fore the beginning of such year) by the sig-
15 nificant empowerment zone business as the
16 1st year of the payment period without re-
17 gard to the date the property is placed in
18 service, or

19 “(ii) the 5th calendar year beginning
20 after the date that the election under this
21 subsection is made.

22 “(3) SIGNIFICANT EMPOWERMENT ZONE BUSI-
23 NESS.—For purposes of this subsection, the term
24 ‘significant empowerment zone business’ means any

1 trade or business operating in an empowerment zone
2 if—

3 “(A) such business is nominated by the
4 chief executive or the legislative body of the
5 State or a local government in which the zone
6 property is located, and

7 “(B) the Secretary of Housing and Urban
8 Development determines that—

9 “(i) it is a facility for qualified re-
10 search as defined in section 41(d) which is
11 reasonably anticipated to make at least
12 \$50,000,000 of capital expenditures within
13 the first 3 years of the payment period, or

14 “(ii) with respect to any other busi-
15 ness, it is reasonably anticipated that such
16 business will increase employment in such
17 zone by the end of the first 3 years of the
18 payment period by at least the lesser of—

19 “(I) 1,000 full-time employees or
20 equivalents, or

21 “(II) 10 percent of the number
22 of full-time employees estimated to
23 have been employed in such zone on
24 the date of its designation.

25 “(4) SPECIAL RULES.—

1 “(A) ADJUSTMENT TO COST RECOVERY
2 BENEFIT.—In the event that the significant em-
3 powerment zone business does not incur a cost
4 within the period described in paragraph (2)(B)
5 and for which a cost recovery benefit payment
6 is made under this subsection, the Secretary
7 shall reduce future recovery benefit payments to
8 recover 110 percent of the overpayments in
9 equal installments over the remaining payment
10 period.

11 “(B) BASIS ADJUSTMENT.—For purposes
12 of this subtitle, if a cost recovery payment is
13 made under this subsection with respect to any
14 property, the basis of such property shall be re-
15 duced by the amount of such payment.

16 “(5) TREATMENT OF PAYMENTS.—Any pay-
17 ment made under this subsection shall not be treat-
18 ed as a Federal Government guarantee for purposes
19 of section 149(b).”.

20 (2) CONFORMING AMENDMENT.—Section
21 1016(a) is amended by striking “and” at the end of
22 paragraph (36), by striking the period at the end of
23 paragraph (37) and inserting “, and”, and by add-
24 ing at the end the following new paragraph:

1 “(38) to the extent provided in section
2 1396(e)(4)(B).”.

3 (3) EFFECTIVE DATE.—The amendments made
4 by this subsection shall apply to taxable years begin-
5 ning after the date of the enactment of this Act.

6 (k) CERTAIN FEDERALLY GUARANTEED BONDS
7 ISSUED TO PROVIDE INVESTMENTS IN EMPOWERMENT
8 ZONES AND RENEWAL COMMUNITIES PERMITTED TO BE
9 TAX-EXEMPT, ETC.—

10 (1) IN GENERAL.—Subparagraph (A) of section
11 149(b)(3) is amended by striking “or” at the end of
12 clause (ii), by striking the period at the end of
13 clause (iii) and inserting “, or”, and by adding at
14 the end the following new clause:

15 “(iv) any guarantee by a Federal
16 Home Loan Bank for a bond 95 percent or
17 more of the net proceeds of which are to
18 be used to provide property in an em-
19 powerment zone or renewal community.”.

20 (2) EFFECTIVE DATE.—The amendments made
21 by this subsection shall apply to bonds issued after
22 the date of the enactment of this Act.

23 (l) TAX-EXEMPT INTEREST OF FINANCIAL INSTITU-
24 TIONS ON ZONE FACILITY BONDS NOT SUBJECT TO IN-
25 TEREST DISALLOWANCE.—

1 (1) IN GENERAL.—Subparagraph (B) of section
 2 265(b)(3) (defining qualified bond) is amended by
 3 adding at the end the following new clause:

4 “(iii) ENTERPRISE ZONE FACILITY
 5 BONDS.—The term ‘qualified tax-exempt
 6 obligation’ includes any obligation which is
 7 treated as an exempt facility bond by sec-
 8 tion 1394.”.

9 (2) EFFECTIVE DATE.—The amendment made
 10 by this subsection shall apply to taxable years begin-
 11 ning after the date of the enactment of this Act.

12 (m) DEVELOPABLE SITES POPULATION CLARIFICA-
 13 TION.—

14 (1) IN GENERAL.—Subparagraph (C) of section
 15 1391(g)(3) (relating to modifications to eligibility
 16 criteria, etc.) is amended to read as follows:

17 “(C) POPULATION LIMITATION.—

18 “(i) AGGREGATE POPULATION LIMITA-
 19 TION.—The aggregate population limita-
 20 tion under the last sentence of subsection
 21 (b)(2) shall not apply to a designation
 22 under paragraph (1).

23 “(ii) EXCEPTION FOR DEVELOPABLE
 24 SITES.—The parcels described in subpara-
 25 graph (A)(iii) shall not be taken into ac-

1 count in determining whether the require-
 2 ment of section 1392(a)(1)(A) is met.”.

3 (2) EFFECTIVE DATE.—The amendment made
 4 by this subsection shall take effect on the date of the
 5 enactment of this Act.

6 (n) REPORTING.—The Secretary of the Treasury (or
 7 the Secretary’s delegate) shall annually submit to the
 8 Committee on Ways and Means of the House of Rep-
 9 resentatives and the Committee on Finance of the Senate
 10 a report detailing for each empowerment zone, enterprise
 11 community, and renewal community the amount and type
 12 of claimed tax benefits.

13 **SEC. 4. ADDITIONAL ACCESS TO CAPITAL BY RURAL EN-**
 14 **TERPRISE COMMUNITIES.**

15 Section 1394 (relating to tax-exempt enterprise zone
 16 facility bonds) is amended by adding at the end the fol-
 17 lowing new subsection:

18 “(g) BONDS FOR RURAL ENTERPRISE COMMU-
 19 NITIES.—

20 “(1) IN GENERAL.—In the case of a rural en-
 21 terprise community bond—

22 “(A) such bond shall not be treated as a
 23 private activity bond for purposes of section
 24 146, and

1 “(B) subsections (c) and (f)(2) of this sec-
2 tion shall not apply.

3 “(2) LIMITATION OF AMOUNT OF BONDS.—

4 “(A) IN GENERAL.—Paragraph (1) shall
5 apply to a rural enterprise community bond
6 only if such bond is designated for purposes of
7 this subsection by the Secretary of Agriculture
8 for the area to which such bond relates.

9 “(B) LIMITATION ON BONDS DES-
10 IGNATED.—The aggregate face amount of
11 bonds which may be designated under subpara-
12 graph (A) with respect to all rural enterprise
13 communities shall not exceed \$200,000,000.

14 “(C) SPECIAL RULES.—

15 “(i) COORDINATION WITH OTHER LIM-
16 ITATIONS.—Bonds to which paragraph (1)
17 applies shall not be taken into account in
18 applying the limitation of subsection (c) or
19 (f)(2) to other bonds.

20 “(ii) CURRENT REFUNDING NOT
21 TAKEN INTO ACCOUNT.—In the case of a
22 refunding (or series of refundings) of a
23 bond designated under this paragraph, the
24 refunding obligation shall be treated as
25 designated under this paragraph (and shall

1 not be taken into account in applying sub-
2 paragraph (B)) if—

3 “(I) the amount of the refunding
4 bond does not exceed the outstanding
5 amount of the refunded bond, and

6 “(II) the refunded bond is re-
7 deemed not later than 90 days after
8 the date of issuance of the refunding
9 bond.

10 “(3) RURAL ENTERPRISE COMMUNITY BOND.—

11 For purposes of this subsection, the term ‘rural en-
12 terprise community bond’ means any bond which
13 would be described in subsection (a) if all rural en-
14 terprise communities were taken into account under
15 sections 1397C and 1397D.

16 “(4) DESIGNATION PROCEDURE.—The Sec-
17 retary of Agriculture shall establish within 90 days
18 after the date of the enactment of this subsection,
19 the procedure for the nomination and selection of
20 rural enterprise communities with respect to the des-
21 ignation of rural enterprise community bonds.”.

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